

SINKING INTEREST AND REDEMPTION (18)

AGENCY PLAN: STATEMENT OF PURPOSE, GOALS AND BUDGET SUMMARY

STATEMENT OF PURPOSE:

The Debt Service Fund meets the principal and interest of the bonded indebtedness of the City of Detroit.

AGENCY FINANCIAL SUMMARY:

<u>2006-07 Requested</u>		<u>2005-06 Budget</u>	<u>2006-07 Recommended</u>	<u>Increase (Decrease)</u>
	<u>Appropriations</u>			
	General Obligation Bonds:			
\$ 31,729,602	Interest	\$ 30,727,075	\$ 31,623,045	\$ 895,970
34,180,000	Principal	23,250,000	34,330,000	11,080,000
4,425,000	DDA Tax Increment Dist.	4,424,065	5,445,261	1,021,196
890,000	GM Tax Increment Dist.	893,521	1,618,178	724,657
<u>8,830,000</u>	Prior Years Deficit	<u>3,640,000</u>	<u>4,216,000</u>	<u>576,000</u>
\$ 80,054,602	Total Appropriations	\$ 62,934,661	\$ 77,232,484	\$ 14,297,823
	<u>Revenues</u>			
\$ 75,944,602	Current Year's Property Tax	\$ 58,812,290	\$ 72,423,913	\$ 13,611,623
-	Uncollectible Property Tax	-	(1,070,000)	(1,070,000)
	Prior Year's:			
800,000	Real Property Tax	800,000	1,500,000	700,000
50,000	Personal Property Tax	50,000	300,000	250,000
2,270,000	Industrial Facilities Tax	2,269,744	2,564,326	294,582
120,000	Neigh. Enterprise Zone Tax	122,517	149,293	26,776
-	Renaissance Zone Tax	866,166	1,671,685	805,519
<u>870,000</u>	Other Miscellaneous Taxes	<u>13,944</u>	<u>(306,733)</u>	<u>(320,677)</u>
\$ 80,054,602	Total Revenues	\$ 62,934,661	\$ 77,232,484	\$ 14,297,823
-	NET TAX COST:	\$ 0	<u>0</u>	\$ 0
	Tax Levy Requirement	\$ 56,767,075	\$ 69,439,045	\$ 12,671,970
	Delinquency Rate	5.00%	5.00%	0.00%
	Tax Rate (per \$1,000 valuation)	\$7.0753	\$8.3951	\$ 1.3198

SINKING INTEREST AND REDEMPTION (18)

ACTIVITY DESCRIPTION: BONDS AND INTEREST REDEMPTION

Bond and interest redemption provides for the scheduled retirement of principal and interest on long-term City debt. This debt derives from general obligation bond sales. (The debt service on Enterprise Funds appears in the Enterprise Agency Sections.)

State law limits the amount of general obligation debt a city may have outstanding at one time. Generally, the limit requires such debt to be within ten percent of the assessed value (which includes certain assessed value equivalents for purposes of the formula) of all real and personal property in the city. Significant exclusions to or extensions of the debt limit are permitted for special assessment bonds, motor vehicle highway bonds, hospital bonds, certain mortgage and housing bonds and various other bonds for projects deemed necessary for abating pollution. The City's outstanding debt is currently within the limits prescribed by State law. After the effective date (December 22, 1978) of an amendment to the State Constitution, the City may not issue general obligation bonds payable from taxes levied for debt service without a vote of the electorate.

The Debt Management Section of the Finance Department (funded in the Accounting Operations Activity of Agency 23) is responsible for managing the general obligation debt, as well as, that of other bonding and financing authorities, which include the following:

- **The City of Detroit Building Authority**, established by the City for the purpose of financing and managing the construction of various publicly owned buildings, parking lots, recreational facilities and related sites to be leased to the City.
- **The City of Detroit Downtown Development Authority (DDA)**, established by the City to help halt property value deterioration and to promote economic growth in the downtown district.
- **The Greater Detroit Resource Recovery Authority (GDRRA)**, a separate governmental unit from the City, created by the cities of Detroit and Highland Park for the purpose of financing, constructing and operating of a waste-to-energy facility located in the City.
- **The Economic Development Corporation of the City of Detroit**, established for the purpose of assisting industrial and commercial enterprises in various endeavors which would benefit Detroit residents.
- **The City of Detroit Tax Increment Finance Authority**, established for the purpose of preparing development and tax increment financing plans in the City and associated with financing of the Central Industrial Park (GM) Project.
- **The Local Development Finance Authority**, established for the purpose of assisting in the financing of development projects in the City and associated with the City's Jefferson/Conner (Chrysler) Redevelopment Project.
- **The Detroit-Wayne Joint Building Authority**, established by a joint effort of the City and the County for the purpose of constructing and maintaining buildings that would serve both City and County residents.

CITY OF DETROIT
Debt Service Fund
Financial Detail by Appropriation and Organization

General Bond Redemption	2005-06 Redbook		2006-07 Dept Final Request		2006-07 Mayor's Budget Rec	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<i>APPROPRIATION ORGANIZATION</i>						
00212 - General Bond Redemption						
180010 - General Bond Redemption	0	\$53,977,075	0	\$74,739,602	0	\$70,169,045
180040 - Debt Service Interest Redemption	0	\$3,640,000	0	\$0	0	\$0
APPROPRIATION TOTAL	0	\$57,617,075	0	\$74,739,602	0	\$70,169,045
00490 - Other Distributions						
180020 - D.D.A Tax Increment District	0	\$4,424,065	0	\$4,425,000	0	\$5,445,261
180030 - GM Tax Increment District	0	\$893,521	0	\$890,000	0	\$1,618,178
APPROPRIATION TOTAL	0	\$5,317,586	0	\$5,315,000	0	\$7,063,439
ACTIVITY TOTAL	0	\$62,934,661	0	\$80,054,602	0	\$77,232,484

CITY OF DETROIT
Budget Development for FY 2006-2007
Appropriations - Summary Objects

	2005-06	2006-07	2006-07
	Redbook	Dept Final	Mayor's
		Request	Budget Rec
AC9918 - Bond Interest and Redemption			
<i>A18000 - Debt Service</i>			
OTHEXPSSL - Other Expenses	8,957,586	14,145,000	11,279,439
FIXEDCHGSL - Fixed Charges	53,977,075	65,909,602	65,953,045
<i>A18000 - Debt Service</i>	<i>62,934,661</i>	<i>80,054,602</i>	<i>77,232,484</i>
AC9918 - Bond Interest and Redemption	62,934,661	80,054,602	77,232,484
Grand Total	62,934,661	80,054,602	77,232,484

CITY OF DETROIT
Budget Development for FY 2006-2007
Appropriation Summary - Revenues

	2004-05 Actuals	2005-06 Redbook	2006-07 Dept Final Request	2006-07 Mayor's Budget Rec	Variance
A18000 - Debt Service					
<i>00212 - General Bond Redemption</i>					
401100 - Current Year Property T	57,475,845	58,812,290	75,944,602	72,423,913	13,611,623
401150 - Uncollectible Property T	0	0	0	(1,070,000)	(1,070,000)
402100 - Prior Years Real Proper	2,102,252	800,000	800,000	1,500,000	700,000
402200 - Prior Years Pers Proper	235,571	50,000	50,000	300,000	250,000
407195 - Industrial Facilities Tax	2,602,231	2,269,744	2,270,000	2,564,326	294,582
407200 - Other Miscellaneous Ta	0	13,944	0	(306,733)	(320,677)
407210 - Neigh Enterprise Zone T	0	122,517	120,000	149,293	26,776
407215 - Renaissance Zone Tax	0	866,166	0	1,671,685	805,519
461100 - Earnings On Investment	138,064	0	0	0	0
472230 - Recoveries	516,134	0	0	0	0
474100 - Miscellaneous Receipts	89,194	0	0	0	0
475130 - Other Surplus	0	0	870,000	0	0
<i>00212 - General Bond Redemption</i>	<i>63,159,291</i>	<i>62,934,661</i>	<i>80,054,602</i>	<i>77,232,484</i>	<i>14,297,823</i>
<i>10830 - Convention Facility - Debt Service</i>					
422190 - State Hotel & Liq Tax- C	16,310,765	0	0	0	0
461100 - Earnings On Investment	1,116,629	0	0	0	0
<i>10830 - Convention Facility - Debt Sen</i>	<i>17,427,394</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
A18000 - Debt Service	80,586,685	62,934,661	80,054,602	77,232,484	14,297,823
Grand Total	80,586,685	62,934,661	80,054,602	77,232,484	14,297,823